

will be dismissed [see *Sheba Gold Mining Co. v. Trubshawe*⁽⁴⁾].

Applying these to the facts of this case, we tend to agree with the decision of the learned Judge that the application for summary judgment under Order 14 ought to be refused. Unlike the learned Judge, we prefer to base it on the ground that the respondent has satisfied the Court on affidavit evidence that there is an issue or question in dispute which ought to be tried. The appeal is therefore dismissed with one-half costs to the respondent to be taxed. The deposit of \$500/- to be paid to the respondent on account of taxed costs. We would order that the trial take place before another Judge.

Appeal dismissed.

Solicitors: *Skrine & Co.; Shearn Delamore & Co.*

ASIA TELEVISION LTD. & ANOR. v. VIWA VIDEO SDN. BHD. & CONNECTED CASES

[F.C. (Abdul Hamid C.J. (Malaya), Hashim Yeop A. Sani & Abdoolcader F.JJ.) July 25 & August 3, 1984]

[Ipoh — Federal Court Civil Appeals Nos. 215, 240, 241 & 244 of 1983]

Practice & Procedure — Ex parte application for "Anton Piller" order obtained by appellants to restrain respondent from reproducing, disposing etc, cinematograph films in the form of video tapes over which the appellants claimed copyright — Injunction set aside on ground that as video tapes were uncensored the tapes were tainted with illegality and had therefore no copyright — Appeal — No sufficient nexus between two legislation — Non-compliance with provisions of Films (Censorship) Act does not affect the acquisition of copyright under the Copyright Act — Copyright Act, 1969 — Films (Censorship) Act, 1952.

Copyright — Cinematograph films in video tapes uncensored — Non-compliance with provisions of Films (Censorship) Act does not affect the acquisition of copyright under Copyright Act — No sufficient nexus between two Acts — Films (Censorship) Act, 1952 — Copyright Act, 1969.

In this case the appellants who claimed copyright in certain films in video cassette form alleged infringement by the respondents of their copyright and instituted proceedings for relief by way of injunctions, delivery of the offending articles, discovery, and damages. On the issue of the writs they applied *ex parte* for and obtained *Anton Piller* Orders. The respondents then applied to set aside these orders and for the return of all the cassettes, documents and other articles removed from their premises pursuant to the *ex parte* orders. The learned Judge found no merit in

A the contentions advanced by the respondents in their application to set aside the orders made except on the question of the publication of the films under the Copyright Act taken in conjunction with the Films (Censorship) Act. He held that as no certificates of approval were obtained as required under the Films (Censorship) Act there was no valid publication of the films within the provision of the Copyright Act as the publication in Malaysia must be a lawful one. He accordingly adjudged the publication of the films by the appellants to be unlawful, illegal and an offence punishable under the Films (Censorship) Act and decided in effect that no copyright had been acquired as a result. He therefore allowed the respondent's applications, set aside the *ex parte* orders he had previously made and ordered the return of the articles removed from the respondent's premises. — See [1983] 2 M.L.J. 409. The appellants appealed.

Held allowing the appeals: (1) there was no prohibition in either of the Acts which would preclude the appellants from acquiring copyright if they were otherwise qualified although they were in breach of the provisions of the Film (Censorship) Act which is concerned only with criminal liability and provides a penalty for breach of its relevant provisions;

(2) non-compliance with the provisions of the Film (Censorship) Act does not affect the acquisition of copyright under the Copyright Act. There is no express or implied prohibition linking the respective requirements of the two statutes and accordingly no nexus to justify reading these conjunctively and importing the requirements of one as a condition precedent to the operation of the other;

(3) in this case since the appellants have in the first instance *ex facie* acquired copyright this needs to be protected pending a full hearing of the actions instituted.

F Cases referred to:

- (1) *Anton Piller KG v. Manufacturing Processes Ltd.* [1976] Ch. 55.
- (2) *Curragh Investments Ltd. v. Cook* [1974] 1 W.L.R. 1559.
- (3) *St. John Shipping Corporation v. Joseph Rank Ltd.* [1957] 1 Q.B. 267.
- (4) *Shaw v. Groom* [1970] 2 Q.B. 504.
- (5) *Cate v. Devon and Exeter Constitutional Newspaper Company* (1889) 40 Ch.D. 500.
- (6) *London & Harrogate Securities Ltd. v. Pitts* [1976] 1 W.L.R. 1063.
- (7) *Batu Pahat Bank Ltd. v. Official Assignee of Property of Tan Keng Tin, A Bankrupt* [1933] A.C. 691, 698; [1933] M.L.J. 237, 238.

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FEDERAL COURT.

Datuk V.L. Kandan (S.F. Wong with him) for the appellants.

I *W.S.W. Davidson (H.R. Paul with him)* for the respondents in F.C.C.A. 215/83 and 241/83.

Respondents in F.C.C.A. 240/83 and 244/83 in person.

Cur. Adv. Vult.

Abdoolcader F.J. (delivering the Judgment of the Court): The short and only point for resolution in these four consolidated appeals involves the determination of the question of the interaction if any of the Films (Censorship) Act, 1952 on the Copyright Act, 1969. These appeals are grounded on this sole issue which in fact determined the matter in the court below.

The appellants who claimed copyright in certain films in video cassette form alleged infringement by the respondents of their copyright and instituted these proceedings for the requisite relief by way of injunctions, delivery of the offending articles, discovery and damages, and immediately on the issue of the writs applied *ex parte* for and obtained from Ajaib Singh, J., what has come to be known as *Anton Piller* orders on meeting the requirements laid down in the leading case of *Anton Piller KG v. Manufacturing Processes Ltd.*⁽¹⁾. The respondents then applied by summons *inter partes* to set aside these orders and for the return of all the cassettes, documents and other articles removed from their premises pursuant to the *ex parte* orders. The learned Judge found no merit in the contentions advanced by the respondents in their application to set aside the orders made *ex parte* except on the question of the publication of the films under the Copyright Act taken in conjunction with the Films (Censorship) Act. He held that as no certificates of approval were obtained as required under the Films (Censorship) Act there was no valid publication of the films within the provisions of the Copyright Act as the publication in Malaysia must be a lawful one. He accordingly adjudged the publication of the films by the appellants to be unlawful, illegal and an offence punishable under the Films (Censorship) Act and decided in effect that no copyright had been acquired as a result, and so allowed the respondents' applications, set aside the *ex parte* orders he had previously made and ordered the return of the articles removed from the respondents' premises.

It is not necessary to elaborate in any detail the several provisions of the two statutes in question and it will suffice to observe that copyright for works eligible therefor as enumerated in section 4 of the Copyright Act is acquired under the provisions of that Act only, and any claim for copyright must therefore subsist within its provisions. The appellants claimed copyright in the films under the provisions of section 6(1) (a) of that Act on the basis that there was publication

A within the provisions of section 2(2)(c) of the Act in Malaysia within thirty days of their publication in Hong Kong. This is basically the gist of their contention, and we might add Mr. Davidson for the respondents in two of these appeals concedes there has been publication within the provisions of section 2(2) of the Act. The Films (Censorship) Act however provides for the censorship of films which by definition in section 2 thereof include video tapes. Section 6 of this Act provides for customs control on importation of films and a penalty for non-compliance but sub-section (4) thereof stipulates that this section shall not apply to any film which has been authorised for exhibition in Malaysia and in respect of which a certificate has been issued under section 9(2) or 9A(2). The latter two statutory provisions prescribe the prohibition and authorisation and the classification of films and provide for the issue of certificates of approval in respect thereof. Section 15(1)(a) of this Act makes it an offence and prescribes a penalty for any person to exhibit, sell, hire or distribute any film (or cause any of these to be done) in respect of which a certificate has not been issued under section 9(2) or 9A(2). Section 15A of the Act similarly prescribes a penalty for the unlawful possession, custody or control of any film in respect of which the requisite certificate has not been issued.

F The issue then is the effect of non-compliance with the provisions of the Films (Censorship) Act on the question of acquisition of copyright under the Copyright Act, and whether this is accordingly precluded as a result. It would appear from the contention of the respondents and the judgment of the learned Judge who held that the publication by the appellants was unlawful that any such non-compliance inhibited the operation of section 6(1)(a) of the Copyright Act with the result that the appellants could not and did not acquire any copyright in the films in question.

I The correlation between the two legislative enactments must in our view depend on whether there is a nexus between them. Mr. Davidson agrees in answer to a question we put to him that such a nexus is a necessary prerequisite and that the burden is on the respondents to establish this as between the two Acts. In *Curragh Investments Ltd. v. Cook*⁽²⁾ it was held that for a contract to be illegal as being made in contravention of some statutory provision there had to be a sufficient nexus between the statutory require-

ment and the contract, and that where statutory requirements were not linked sufficiently, or at all, to the contract no question of its illegality arose. Megarry, J., (now Vice-Chancellor) put this point clearly and succinctly in his judgment in that case (at page 1563) and we think it bears citation *in extenso*:

"I accept of course, that where a contract is made in contravention of some statutory provision then, in addition to any criminal sanctions, the courts may in some cases find that the contract itself is stricken with illegality. But for this to occur there must be a sufficient nexus between the statutory requirement and the contract. If the statute prohibits the making of contracts of the type in question, or provides that one of the parties must satisfy certain requirements (e.g. by obtaining a licence or registering some particulars) before making any contract of the type in question, then the statutory prohibition or requirement may well be sufficiently linked to the contract for questions to arise of the illegality of any contract made in breach of the statutory requirement. But it seems to me a far cry from that to the breach of statutory requirements which are not linked sufficiently or at all to the contract in question. There are today countless statutory requirements of one kind or another, yet I cannot believe that an individual or a company who is in breach of any of these requirements (for example, under the Factories Acts) is thereby disabled from making a legal contract for the sale of land or validly entering into covenants for title. To take an example that was mentioned in argument, I do not think that it could seriously be contended that every contract made by an English company, whether for the sale of land or otherwise, is illegal if, when it is made, the company is liable to prosecution and fine for failing to comply with some provision of the (Companies) Act of 1948, for example, for not filing its annual returns in due time. Such a doctrine, for which I can see no justification, would result in chaos. If in the present case I assume that the vendor is in demonstrable breach of sections 407 and 416, I am still quite unable to see how this provides any ground for contending that the covenants for title that the vendor must give will be impaired by illegality. The breach of the law and the covenants for title seem to me to be wholly unconnected."

We should perhaps advert to some authorities in regard to this question. In *St. John Shipping Corporation v. Joseph Rank Ltd.*⁽³⁾ it was held that the infringement of a statute in the performance of a contract which was legal when made did not render the contract illegal unless the contract, as performed, was one which the statute meant to prohibit, and that, on a true construction of the statute in question, having regard to its scope and purpose, contracts for the carriage of goods were not within the ambit of the statute at all so that the plaintiffs' infringement of two of the statutory provisions did not prevent them from suing on the contract.

In *Shaw v. Groom*⁽⁴⁾ the defendant who was

- A sued for arrears of rent contended that the plaintiff who had failed to provide her with a proper rent book in compliance with certain statutory requirements to that effect had committed an offence and was thereby precluded from recovering any rent. The English Court of Appeal held
- B that since the plaintiff did not have to rely on the rent book as an essential ingredient for her cause of action and since the obligation to provide a rent book formed no part of the contract of letting but was a statutory requirement collateral to it, there was no illegality committed in the
- C performance of the contract, and, accordingly, the plaintiff could enforce the contract and recover the rent. It further held that, in any event, where an illegality was committed in the course of performing a legal contract, the test as to the enforceability of the contract was whether on a
- D true consideration of the relevant legislation as a whole Parliament had intended to preclude the plaintiff from enforcing the contract, and on a consideration of the pertinent provisions went on to find that the plaintiff was not so precluded even if the obligation to provide a rent book
- E formed an essential part of the contract.

The decision in *Cate v. Devon and Exeter Constitutional Newspaper Company*⁽⁵⁾ was to the effect that the proprietor of a newspaper registered as a serial publication under the English Copyright Act, 1842 could sue in respect of his copyright in matter published in his paper although neither the name of the proprietor nor the title of the paper was registered under the specific requirements of another statute. In *London & Harrogate Securities Ltd. v. Pitts*⁽⁶⁾ the English Court of Appeal held that the breach of a provision of the English Moneylenders Act, 1927 was concerned only with criminal liability and did not provide a defence in a civil action for repayment of a loan made by licensed moneylenders.

- H In *The Batu Pahat Bank Ltd. v. Official Assignee of the property of Tan Keng Tin, A Bankrupt*⁽⁷⁾ the Judicial Committee of the Privy Council held that section 111 of the Companies Ordinance (Ordinance No. 155) did not
- I invalidate a security given in contravention of sub-section (3) thereof which provided that no banking company shall lend any part of its funds on the security of its own shares, because, upon the true construction of the section, it merely prohibited the making of a loan on the security mentioned under pain of the specific penalties

and liabilities, and we would refer in this connection to the judgment of the Board delivered by Lord Russell of Killowen (at [1933] A.C. 698; [1933] M.L.J. 238) where in discussing this point he stated that their Lordships could not accede to the argument put forward by the respondent in that case without giving to the words used in the statutory provision in question a meaning which they simply did not bear.

We now turn to an examination of the position with regard to the Copyright Act in relation to the Films (Censorship) Act. There is no time frame under the latter statute, and as we pointed out section 15 of the Films (Censorship) Act provides a criminal penalty for any of the acts specified therein in relation to any film for which the requisite certificate under that Act has not been issued. Publication under section 6(1)(a) of the Copyright Act is an essential prerequisite for the acquisition of copyright and the elements of publication are provided for in section 2(2) of that Act. Under section 2(2)(c) of the Copyright Act there is a thirty-day period provided for, which must be adhered to if the appellants are to be conferred with copyright in the films imported from Hong Kong. We would pause to observe, in view of the thirty-day period provided for in section 2(2)(c) of the Copyright Act, that if the provisions of the Films (Censorship) Act with regard to the necessary certificates are an essential prerequisite to the acquisition of copyright then it may well be unlikely that in the vast majority of cases any copyright can accrue under the provisions of section 6(1)(a) of the Copyright Act, as the vitiating effect of any delay on the part of the Board of Film Censors would redound on the heads of innocent claimants of copyright under the Copyright Act.

On a careful evaluation of the relevant and requisite statutory provisions and a consideration of the question of any interplay between them we can find no sufficient nexus such as would satisfy the test laid down in *Curragh Investments Ltd. v. Cook (supra)*. There is no prohibition in either of the Acts which would preclude the appellants from acquiring copyright if they are otherwise qualified although they may be in breach of the provisions of the Films (Censorship) Act which is concerned only with criminal liability and provides a penalty for breach of its relevant provisions. If it were otherwise so as to result in the defeasance of the appellants' rights under the Copyright Act in this case, then it would be equally logical to deprive a

A person of his rights under that Act if he commits an offence of strict or vicarious liability, such as for instance an offence under the excise laws, without any intention or *mens rea*.

In the light of the matters we have adumbrated we accordingly find that non-compliance with the provisions of the Films (Censorship) Act does not affect the acquisition of copyright under the Copyright Act. Any infringement of the provisions of the former Act attracts the criminal penalty provided for therein, but if this were also to result in defeating the appellants' rights under the Copyright Act the implications in the matter of economic loss would far exceed the penalty imposable for contravening the censorship requirements of the earlier Act. As we have pointed out there is no express or implied prohibition linking the respective requirements of the two statutes and accordingly no nexus to justify reading them conjunctively and importing the requirements of one as a condition precedent to the operation of the other.

Mr. Davidson also submits in the alternative that the orders sought by the appellants should be refused on the basis that as an injunction is an equitable remedy the appellants have not come to court with clean hands in the light of their infringement of the provisions of the Films (Censorship) Act. We do not think that this contention has any merit since if the appellants have in the first instance *ex facie* acquired copyright this needs to be protected pending a full hearing of the actions instituted. The time frame stipulated in the Copyright Act and the practicability of complying with the provisions of the Films (Censorship) Act within that period have also to be taken into consideration in the exercise of judicial discretion as to whether to grant or refuse the relief sought, and it would furthermore hardly lie in the mouths of the respondents to take this point when they themselves are in no better a position to justify their actions in this regard on the same basis.

In the premises at the conclusion of argument we allow the appeals with costs here and in the court below to the appellants and set aside the orders of the learned Judge made on the respondents' applications. This would of course result in the *ex parte* orders being restored but in view of the orders of the learned Judge directing the return of the articles removed from the respondents' premises and the time lapse since the

ex parte orders were made and in the light of the events that may have transpired thereafter, we thought it preferable that this matter should be remitted to the learned Judge to settle the terms and form of the appropriate order, and we so ordered. The deposits lodged in court by way of security are to be paid out to the appellants to account of their costs.

Appeals allowed.

Solicitors: *Shearn Delamore & Co.; Azman, Davidson & Co.*

**LIM YEE CHEONG v. HAJI MOKTY BIN
DATUK MAHMOOD & ORS.**

[F.C. (Abdul Hamid C.J. (Malaya), Hashim A. Yeop Sani & Abdoolcader F.J.J.) July 24 & August 24, 1984]

[Ipoh – Federal Court Civil Appeal No. 27 of 1983]

Societies – Staff Provident Fund – Winding up – Reserve Fund – How distributed.

Staff Provident Fund – Winding up – Reserve Fund Distribution of.

In this case the Malaysian Mining Staff Provident Fund was established to provide for the retirement benefits of Malaysian employees of various companies involved in the mining industry. It was the practice of the trustees of the fund to pay the capital gain obtained from the realization of equity investments to a Reserve Fund. The Provident Fund was wound up and the questions posed to the court were –

- (1) whether the trustees were correct in crediting the investment surplus to the Reserve Account under the Rules;
- (2) what is the distribution scheme allowed by law for the surplus funds and assets of the Fund.

The learned trial judge held that the sum in the hands of trustees came within the definition of reserve account and that the persons entitled to the money were those who were contributors on the date of winding up, that is 31st July, 1981. He also held that it would be fair and equitable that the distribution be made pro-rata in accordance with the amount of the respective contributions standing to the credit of the Fund. The appellant who represented the class who advocated for an equal rather than a proportionate distribution appealed.

Held: (1) it was not improper in this case for the trustees to have credited the surplus investments into the Reserve Account;

(2) *prima facie* the distribution of surplus funds of a society which has ceased to function should be based

A solely on contract and not on equity and therefore the funds are distributable among the members or contributors at the relevant date per capita or equally. However the rules governing the Fund may have written into them the basis of inequality among the different classes of members in relation to the principal contractual burdens and benefits of membership. Such expressed provisions in the Rules will alter the presumption in favour of inequality of distribution;

B (3) in this case the surplus fund should be distributed to those members who were contributors on the date of the winding up of the Fund in proportion to the amount standing to the credit of each contributor in the books of the Fund at that date.

C *Cases referred to:*

- (1) *In re Customs & Excise Officers' Mutual Guarantee Fund* [1917] 2 Ch. 18.
- (2) *Tierney v. Tough* [1914] 1 I.R. 142.
- (3) *In re Bucks Constabulary Widows' Fund (No. 2)* [1979] 1 W.L.R. 936, 942.
- (4) *In re Sick and Funeral Society* [1973] Ch. 51.
- (5) *Cunnack v. Edwards* [1896] 2 Ch. 679.
- (6) *In re William Denby & Sons Ltd. Sick and Benevolent Fund* [1971] 1 W.L.R. 973, 978.

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FEDERAL COURT.

V. P. Pradhan for the appellant.

W. S. W. Davidson for the 1st and 2nd respondent.

P. P. R. Royan for the 3rd respondent.

Manjit Singh for the 4th respondent.

E *Cur. Adv. Vult.*

F **Hashim Yeop A. Sani F.J.** (delivering the Judgment of the Court): The Malaysian Mining Staff Provident Fund (hereinafter referred to as the "Fund") was a fund established to provide for the retirement benefits of Malaysian employees of various companies involved in the mining industry. At all relevant times the Fund was an approved fund under section 16(1) of the Employees Provident Fund Ordinance 1951. However by an amending act in 1975 effective from March, 1975 the Fund became an "approved fund" only in respect of those employee contributors who were contributing prior to March 1, 1975. Since no employee contributors could have been admitted since March 1, 1975 the Fund thereafter became a dying fund. The trustees held a meeting on October 1, 1980 and recommended that the Fund be wound up and a unanimous resolution to this effect was passed at a meeting of member companies held on July 15, 1981. The effective date of the winding up was fixed as at July 31, 1981 (the "relevant date") and since then no further contributions have been received.

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